

Status of Poverty in India – A State wise Analysis

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ABSTRACT

First millennium development goal is to eradicate extreme poverty and hunger. Present study is an attempt to understand the existence and state wise changes in poverty in India and analyse changes in consumption expenditure pattern. Using the data collected from 68th round of NSSO Report and report of planning commission of India the study finds out that poverty ratio in rural India during the study period has been higher than that of urban areas. Percentage share of expenditure incurred on consumption of food has shown a constant decline. Huge variation in the number of people moving out of below poverty line to above poverty line amongst Indian states.

Key Words – Poverty, consumption expenditure pattern, Poverty Ratio

1. INTRODUCTION

Poverty is defined in terms of income, expenditure and nutritional value. Households who cannot afford the minimum necessities for healthy, active and productive lives are called poor. Poverty can be looked at from different dimensions. It ordinarily refers to deprivation of a minimum level of living defined in income or its bare minimum consumption terms. Any household failing to meet this level of consumption expenditure can be treated as a poor household. Several studies focus on deprivations. Poor does not simply mean not having enough money but having a lack of access to resources enabling a minimum style of living and participation in the society within which one belongs (Cappellari & Jenkins, 2007). It is very difficult to aggregate deprivations. It can be deprivations in areas such as literacy, schooling, life expectancy, child mortality, malnutrition, safe water and sanitation. Poor generally does not mean lack of monetary income and existence of hunger.

The Human Development Report of the UNDP, considers some of these non-income dimensions of deprivation. This approach is based on capability up gradation and enlargement of opportunities for the people. Income deprivation is closely connected with other types of deprivation. It may not always be directly related to other deprivations. Income is important in the capability approach to the extent it helps in expanding basic capabilities of people to function. This minimum level of consumption expenditure can be derived, in terms of minimum expenditure on food and non-food items. Minimum food consumption is related to fulfilling certain nutritional standards. However the minimum non-food consumption is more problematical. There are several concepts related to measurement of poverty. They are – Poverty line, Head count ratio (HCR), Poverty gap, Squared poverty gap, Lorenz curve, Gini coefficient and \$1 a-day poverty line. The Millennium Development Goal sets its poverty target in terms of this poverty line. The PL is defined in India as the level of monthly expenditure that enables an individual to consume a minimally defined number of calories per day. It is not lack the of resources or technical skills in India which are hindrances in our development rather it is mainly due to the gap between policies and legislation (Krishna, A. and Shariff, A., 2010).

2. OBJECTIVES OF THE STUDY

To analyse changes in poverty.

To study the state wise change in poverty.

To analyse the changes in consumption expenditure pattern.

3. DATA AND RESEARCH METHODOLOGY

Present study is based percentage analysis of secondary data collected from Economic survey, Report of 68th round of NSSO and report of planning commission of India.

4. FINDINGS AND DISCUSSION:

Poverty ratio in rural India during the study period has been higher than that of urban areas. However there is a considerable reduction in the poverty both at the rural and urban sector. It can be seen that the reduction is more pronounced in the rural areas. It has been reduced to 25.7% from a significant 41.8%. In the same way there is reduction in the number of poor people in the urban areas as well. There is reduction in the absolute number of poor people in the both the segments. The same is depicted in the figure 1 and figure 2.

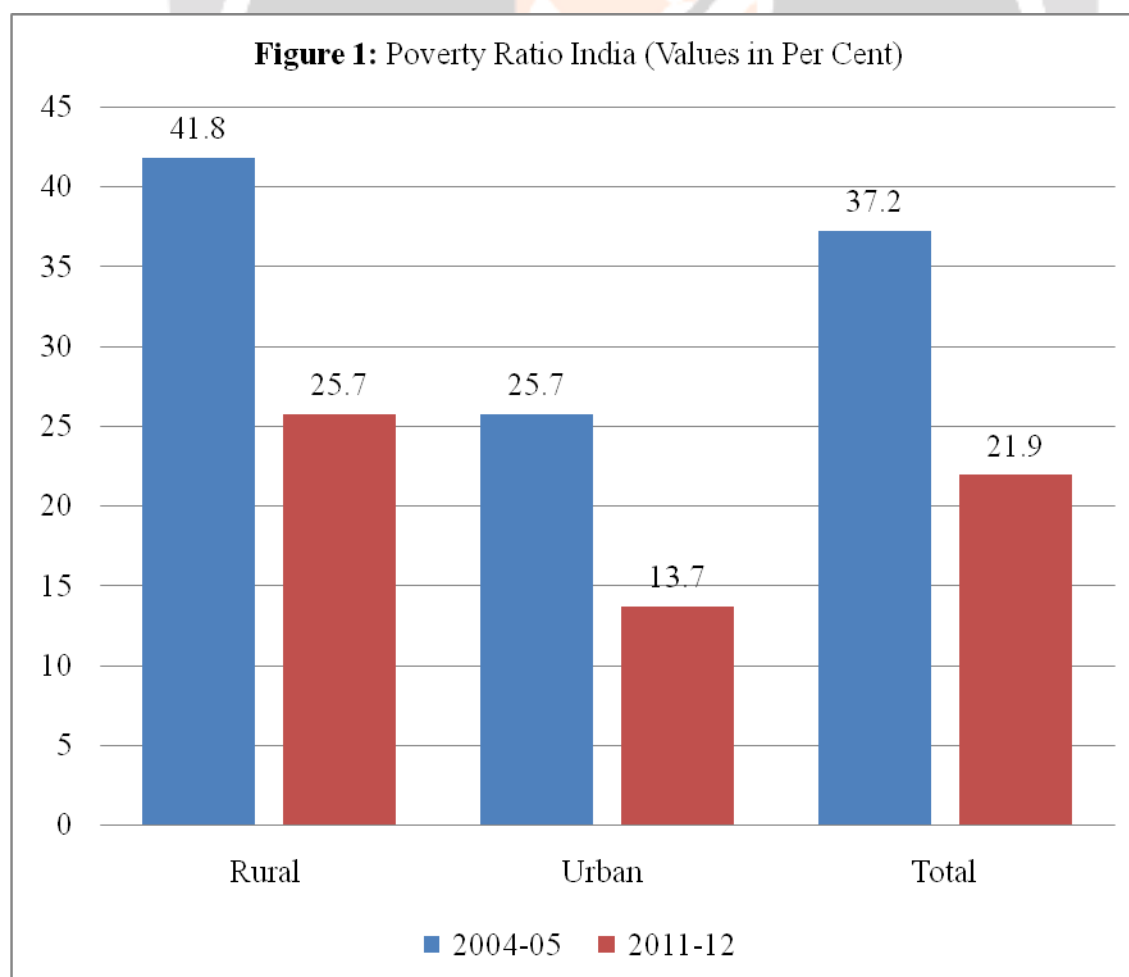


Table 1: Percentage Share in Consumer Expenditure

Item Groups		2004-05	2011-12
RURAL	1. Share of Cereals, gram & Cereal subs in Food Total	33.1	25.3
	2. Share of Pulses, milk, edible oil, Eggs, Meat & fish, Vegetables and fruits in Food Total	50.0	54.1
	3. Share of Other Food in Food Total	17.1	20.6
	4. Share of Food in Total Consumption	55.0	48.6
	5. Share of Non-Food in Total Consumption	45.0	51.4
URBAN	1. Share of Cereals, gram & Cereal subs in Food Total	24.0	19.5
	2. Share of Pulses, milk, edible oil, Eggs, Meat & fish, Vegetables and fruits in Food Total	53.9	54.8
	3. Share of Other Food in Food Total	22.1	26.0
	4. Share of Food in Total Consumption	42.5	38.5
	5. Share of Non-Food in Total Consumption	57.5	61.5

Source- NSS Report, February 2014

There is dynamic change taking place in the consumption pattern of the rural household. The percentage share of expenditure incurred on consumption of food has shown a constant decline. On the other hand there is consistent increase in the percentage of expenditure incurred on non food item. The rise in come is faster than the rise in the expenditure demand on food items.

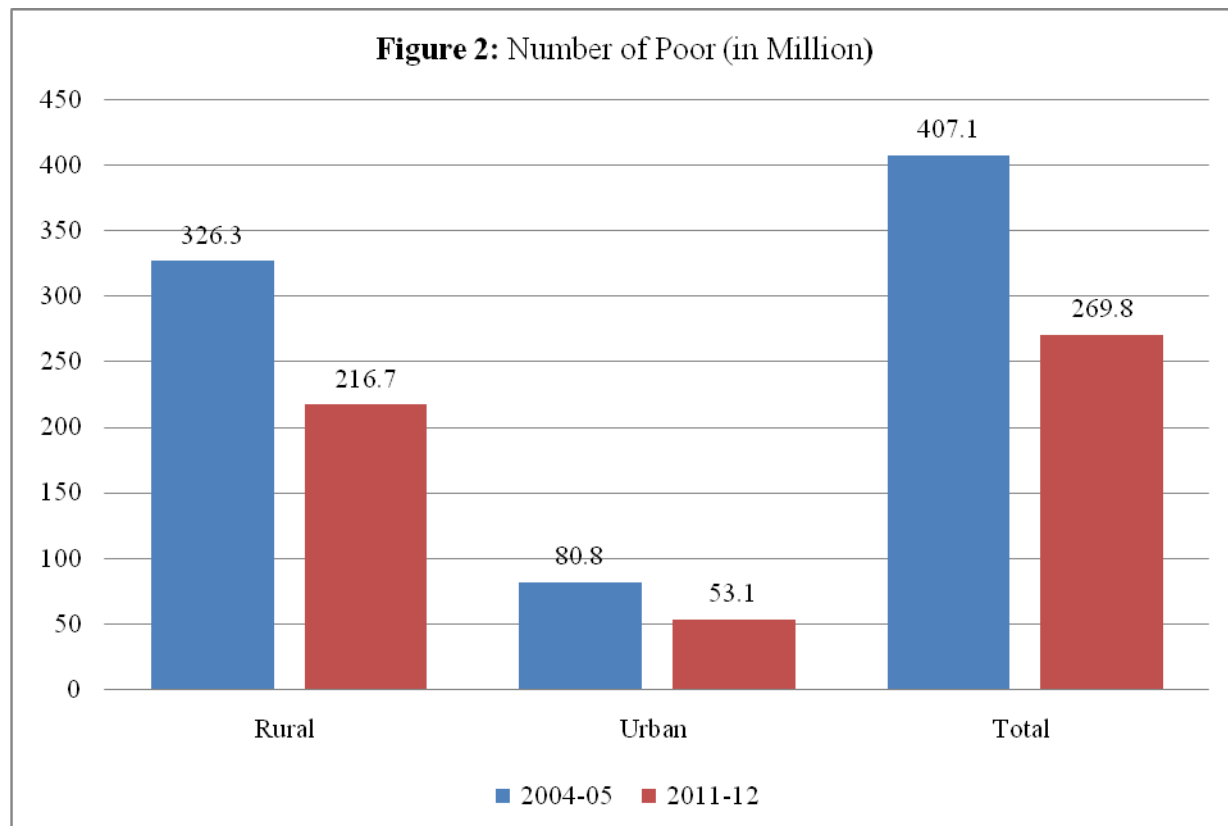


Table 2: State specific Poverty Lines (Rs. per capita per month)

S. No	States	Rural			Urban		
		2004-05	2011-12	% Change	2004-05	2011-12	% Change
1	Andhra Pradesh	433	860	98.6	563	1009	79.2
2	Arunachal Pradesh	547	930	70.0	618	1060	71.5
3	Assam	478	828	73.2	600	1008	68.0
4	Bihar	433	778	79.7	526	923	75.5
5	Chhattisgarh	399	738	85.0	514	849	65.2
6	Delhi	541	1145	111.6	642	1134	76.6
7	Goa	609	1090	79.0	671	1134	69.0
8	Gujarat	502	932	85.7	659	1152	74.8
9	Haryana	529	1015	91.9	626	1169	86.7
10	Himachal Pradesh	520	913	75.6	606	1064	75.6
11	Jammu & Kashmir	522	891	70.7	603	988	63.8
12	Jharkhand	405	748	84.7	531	974	83.4
13	Karnataka	418	902	115.8	588	1089	85.2
14	Kerala	537	1018	89.6	585	987	68.7
15	Madhya Pradesh	408	771	89.0	532	897	68.6
16	Maharashtra	485	967	99.4	632	1126	78.2
17	Manipur	578	1118	93.4	641	1170	82.5

18	Meghalaya	503	888	76.5	746	1154	54.7
19	Mizoram	639	1066	66.8	700	1155	65.0
20	Nagaland	687	1270	84.9	783	1302	66.3
21	Odisha	408	695	70.3	497	861	73.2
22	Punjab	544	1054	93.8	643	1155	79.6
23	Rajasthan	478	905	89.3	568	1002	76.4
24	Sikkim	532	930	74.8	742	1226	65.2
25	Tamil Nadu	442	880	99.1	560	937	67.3
26	Tripura	450	798	77.3	556	920	65.5
27	Uttar Pradesh	435	768	76.6	532	941	76.9
28	Uttarakhand	486	880	81.1	602	1082	79.7
29	West Bengal	445	783	76.0	573	981	71.2
30	Puducherry	385	1301	237.9	506	1309	158.7
All India		447	816	82.6	579	1000	72.7

Source: Planning commission, 2014

Table 3: Change in Number of people and Percentage of Population Below Poverty Line By States from 2004-05 to 2011-12

Sr No	States	Rural		Urban		Total	
		%age of Persons	No. of Persons (lakhs)	%age of Persons	No. of Persons (lakhs)	%age of Persons	No. of Persons (lakhs)
1	Andhra Pradesh	21.3	125.3	17.6	34.3	20.7	160
2	Arunachal Pradesh	-5.3	-1.3	3.2	0	-3.6	-1.3
3	Assam	2.5	-3.3	1.3	-0.8	2.4	-4
4	Bihar	21.6	124.7	12.5	3.1	20.7	127.4
5	Chhattisgarh	10.5	7.6	3.6	-1.8	9.5	5.8
6	Delhi	2.7	0.9	3.1	2.4	3.2	3.4
7	Goa	21.3	1.5	18.1	1.3	19.9	2.8
8	Gujarat	17.6	54.7	10	15	15.2	70
9	Haryana	13.2	19.9	12.1	6.4	12.9	26.3
10	Himachal Pradesh	16.5	9	0.3	0	14.8	9
11	Jammu & Kashmir	2.6	0.6	3.2	0.4	2.9	0.9
12	Jharkhand	10.8	11	-1	-4.6	8.3	6.4
13	Karnataka	13	42.2	10.6	13.8	12.5	55.9
14	Kerala	11.1	34	13.4	7.2	12.6	41.1
15	Madhya Pradesh	17.9	64.3	14.1	18.6	17	82.8
16	Maharashtra	23.7	126.5	16.5	68.7	20.7	195.4

17	Manipur	0.5	-0.8	1.9	-0.7	1.1	-1.5
18	Meghalaya	1.5	-0.3	15.4	0.6	4.2	0.3
19	Mizoram	-12.4	-0.8	1.5	0	-5.1	-0.9
20	Nagaland	-9.9	-1.1	-12.2	-0.8	-9.9	-1.9
21	Orissa	25.1	71.2	20.3	10.3	24.6	81.7
22	Puducherry	5.8	0.1	3.6	0.1	4.4	0.3
23	Punjab	14.4	23.1	9.5	7.4	12.6	30.6
24	Rajasthan	19.7	83	19	24.1	19.7	107.4
25	Sikkim	21.9	1.2	22.2	0.1	22.9	1.3
26	Tamil Nadu	21.7	66.4	13.2	37.9	17.6	104.2
27	Tripura	28	7.8	15.1	0.5	26.6	8.5
28	Uttar Pradesh	12.3	125.3	8	11.5	11.5	137.3
29	Uttarakhand	23.5	15.1	15.7	3	21.4	18.1
30	West Bengal	15.7	90.1	9.7	14.1	14.3	104.1
All India		16.1	1100	12	276.4	15.3	1378.2

Source: Authors Calculation based on planning commission data, 2014

Table 3 shows that there is huge variation in the number of people moving out of below poverty line to above poverty line. Andhra Pradesh, Bihar, Maharashtra, Orissa, Tamil Nadu are few of the big states that have performed exceedingly well. Certain states such as Chhattisgarh, Jharkhand, Madhya Pradesh, Uttar Pradesh, West Bengal and Rajasthan have not performed well. During 2004-05 to 2011-12 economy has grown at a very high rate. The benefits of economic growth have percolated to all section of the society. In spite of the mild inflationary pressure existing in the economy the per capita income grow outstripped the inflationary rate. During this period aggregate GDP and per capita GDP (both at constant 2004-05 prices) grew at an annual average rate of 8.5 and 6.9 percent. Real private per capita consumption grew at a compound Annual Growth Rate of 2.9 and 3.4 percent, respectively, in rural and urban India. It may be also noted that population growth has experienced deceleration during this period. The population growth was arrested below 2 per cent level. There is a correlation between the population growth and reduction in the poverty line. The launch of employment guarantee scheme and right to work Act contributed towards the rise in minimum wage rate. Better price for agricultural products have contributed to increase in the income thereby the reduction in the poverty line.

5. CONCLUSION

Over the study period the fruits of development have spread across Indian states. There has been a decline in the poverty rate and a number of people have risen above poverty line. However instead of remaining mere statistical figures, the development should become a sustainable change in the lives of poor.

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